



City of Austin

Founded by Congress, Republic of Texas, 1839

Municipal Building, Eighth at Colorado, P.O. Box 1088, Austin, Texas 78767 Telephone 512/499-2000

DOCKET FILE COPY ORIGINAL

92-266

July 20, 1993

Mr. William F. Canton
Acting Secretary of Commission
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

JUL 21 1993

Re: Cable Television Consumer Protection and Competition Act of 1992;
Rate Regulation and Prevention of Evasions

Dear Mr. Canton:

This letter is a formal complaint regarding a proposed rate restructuring which will result in a rate increase by the local cable operator, Austin CableVision. This rate increase, scheduled to be implemented on August 1, 1993, is a direct violation of the Cable Television Consumer Protection and Competition Act of 1992 (Act), the Federal Communications Commission's (FCC) rules implementing the Act, and the FCC rate freeze order.

The attached schedules show how the cable operator is violating the FCC's freeze order. The cable operator did not compute the average monthly subscriber bill as required. Instead, the operator's calculations show that a selected number of charges were multiplied by the number of subscribers, resulting in an inflated average monthly subscriber bill. The actual average monthly subscriber bill, obtained by dividing the monthly charges subject to regulation, per the operator's general ledger, by the number of subscribers, is \$.68 less. Therefore, the cable operator's purported revenue-neutral rate scheme results in a \$.68 increase of the average monthly subscriber bill.



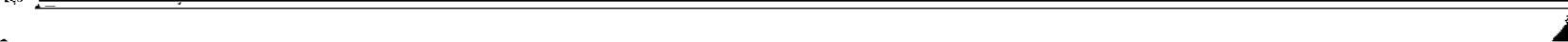







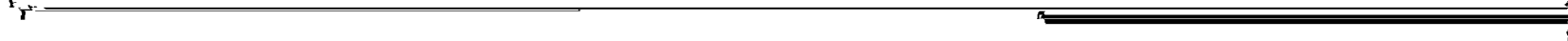

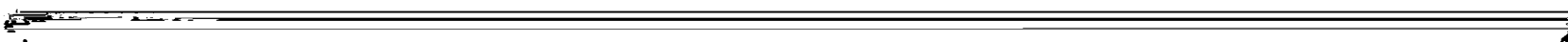




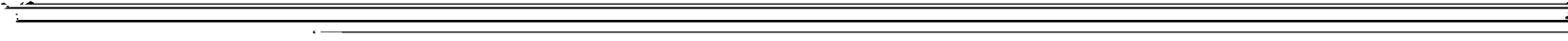



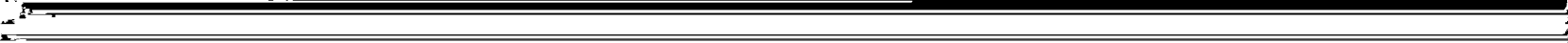
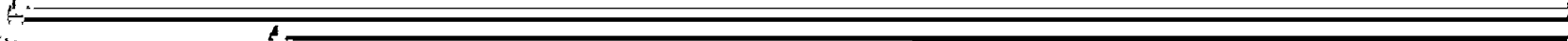



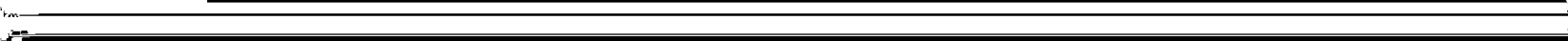

The Act also requires operators to "unbundle" equipment charges, and encourages competition by opening equipment sales to alternative providers. The rate restructuring proposed by Austin CableVision is in direct opposition to Congress' directives. The proposed rate structure in fact bundles programming services and selected equipment charges, by shifting revenue between these charges. If implemented, the net result of the rate

Page Two
Mr. William F. Canton
Acting Secretary of Commission
Federal Communications Commission
July 20, 1993

JUL 21 1993
FCC

The City of Austin respectfully requests that the FCC disallow the rate increase contemplated by Austin CableVision, pursuant to the enforcement authority granted by Congress in the Act to prevent evasive behavior by cable operators.

This rate increase directly contravenes the FCC's rules, See Implementation of Sections of the Cable Television Consumer Protection Act of 1992, Rate Regulation, Final Rule and Proposed Rule, MM Docket No. 92-266, FCC 93-176 (released May 2, 1993), 58 Fed. Reg. 20725 (May 21, 1993), Paragraphs 287



CITY OF AUSTIN
AUSTIN CABLEVISION RATE AUDIT
March 31, 1993
Revenue Analysis

Account Number	Account Description	(A) Amounts Recorded to to G/L for the month of March	(B) Add franchise fee (5.26%)	(C) Total recorded to G/L plus franchise fees	(D) Amounts per Neutral Rate Restructuring prepared by ACV *	(E) Difference between column (C) AND (D)
4010	BASIC REVENUE	\$1,650,488.93	\$86,865.23	\$1,737,354.16	\$1,641,757.00	\$95,597.16
4012	TIER REVENUE	1,462,337.18	\$76,962.81	1,539,299.99	1,723,149.00	(183,849.01)
4014	BULK BASIC REVENUE	190,105.43	\$10,005.25	200,110.68	203,941.03	(3,830.35)
4020	A/O & FM REVENUE	251,585.62	\$13,240.95	264,826.57	274,282.00	(9,455.43)
4450	REMOTE REVENUE	<u>153,772.12</u>	<u>\$8,093.03</u>	<u>161,865.15</u>	<u>171,471.00</u>	<u>(9,605.85)</u>
	Total Revenue:	\$3,708,289.28	\$195,167.26	\$3,903,456.54	\$4,014,600.03	(\$111,143.49)
	Total Basic Subscribers			164,420	164,420	
	Divide Total Revenue by Total Basic Subscribers:			<u>\$23.74</u>	<u>\$24.42</u>	<u>(\$0.68)</u>

* The acronym ACV represents Austin CableVision.

Based on March 31 Subscribers:

<u>CURRENT RATES</u>	<u>20 Channel Basic</u>	<u>30 Channel Tier</u>	<u>Bulk Basic</u>	<u>Addressable Converter</u>	<u>Basic Add. Outlet</u>	<u>Tier Add. Outlet</u>	<u>Total</u>
Current Service Rate	10.95	12.05	8.73 avg.	3.15	3.15	4.73	
Franchise Fee	0.58	0.63	0.44	0.17	0.17	0.25	
Current Total Rate	11.53	12.68	9.17	3.32	3.32	4.98	
Subscribers @ 3/31/93	142,390	135,895	22,030	51,648	1,111	54,336	
Current Monthly Bill	1,641,757	1,723,149	202,052	171,471	3,689	270,593	4,012,710
Total Basic Customers Including Bulk							164,420
Total Average Customer Bill							\$24.41

<u>NEW RATES</u>	<u>20 Channel Basic</u>	<u>30 Channel Tier</u>	<u>Bulk Basic</u>	<u>Addressable Converter</u>	<u>Basic Add. Outlet</u>	<u>Tier Add. Outlet</u>	<u>Total</u>
New Service Rate	10.08	15.37	8.73 avg.	1.84	0.00	0.00	
Franchise Fee	0.53	0.81	0.44	0.10	0.00	0.00	
New Total Rate	10.61	16.18	9.17	1.94	0.00	0.00	
Subscribers @ 3/31/93	142,390	135,895	22,030	51,648	1,111	54,336	
New Monthly Bill	1,510,758	2,198,781	202,052	100,197	0	0	4,011,788
Total Basic Customers Including Bulk							164,420
Total Average Customer Bill							\$24.40